

FISCAL NOTE

HB 1892 - SB 1876

March 23, 2001

SUMMARY OF BILL: Places a one-year moratorium from the effective date of the act on municipal electric systems from providing cable or internet services unless such system is already providing such services on the effective date. Places a one-year moratorium from the effective date of the act on electric cooperatives from establishing cable joint ventures unless a cooperative has already established such venture prior to the effective date. Requires the Comptroller of the Treasury's report evaluating operations of municipal electric systems offering cable or internet services to be prepared for the General Assembly by June 30, 2002 rather than June 30, 2005 as required under current law, and requires the Comptroller to also evaluate electric cooperatives entering into cable joint ventures in such report.

ESTIMATED FISCAL IMPACT:

Forgo Local Govt. Revenues - Exceeds \$100,000
Decrease Local Govt. Expenditures - Exceeds \$100,000

Other Fiscal Impact - Affected systems that have already issued bonds will be required to meet the annual debt service requirements on bonds already issued estimated to exceed \$500,000. The local governments affected have pledged their taxing power in securing the bonds and would have to cover the debt service through tax revenues if revenues are not available from providing services.

Estimate assumes:

- two municipal electric systems have already issued bonds for construction of cable/internet systems but will likely not be ready to provide services before the effective date of the act.
- these two systems will forgo revenues from service fees they will not be able to collect under the provisions of the bill. These forgone revenues are estimated to exceed \$100,000 in the first year of service. Revenues are estimated to build within three years to cover operating costs and debt service.
- these two systems will experience a decrease in expenditures from not providing services that would have been provided in the absence of the bill. This decrease is estimated to exceed \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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